



Agricultural Land Classes in Montana

Please refer to the Department of Revenue's
[Montana Agricultural Land Classification Manual](#)
for more detailed information.

Overview

Questions

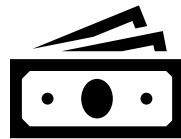
- What is this land?



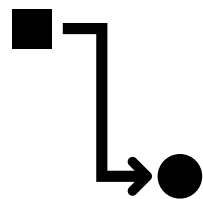
- Where is it located?



- How is it valued?



- Why does it matter?



Context

- There are different uses for ag land throughout the state
- Typical farm practices vary by region
- Valuation depends on the land type and production
- Differences in valuation lead to differences in taxes paid

Residential

**Qualified
Agricultural**

Typically has
homes or
apartments

Area-specific
valuation models

Used to produce
crops or livestock

Valued at
market rate for
land

Valued based
on **production**

Pay Taxes

May be
used for
residence

Typically large
parcels

Not used for
production

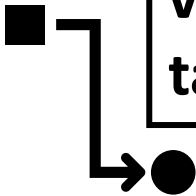
**Non-Qualified
Agricultural**

Valued at a **flat
rate** statewide



For each type,
classification
is based on
size and use

Classification
affects the
**assessed
value and
taxable value**



Types and Locations



What is the land?

Where is it located?



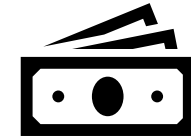
Non-irrigated Farmland



Includes **non-irrigated summer fallow farmland** and **non-irrigated continuously cropped farmland**



These lands produce farm crops without applying additional water to the land



The department uses the NRCS soil survey as the basis for productivity

Non-Irrigated Summer Fallow Farmland



- Summer fallow is the farming practice of leaving land idle with no vegetative growth. Typically, this land is cropped every other year but may be cropped more often

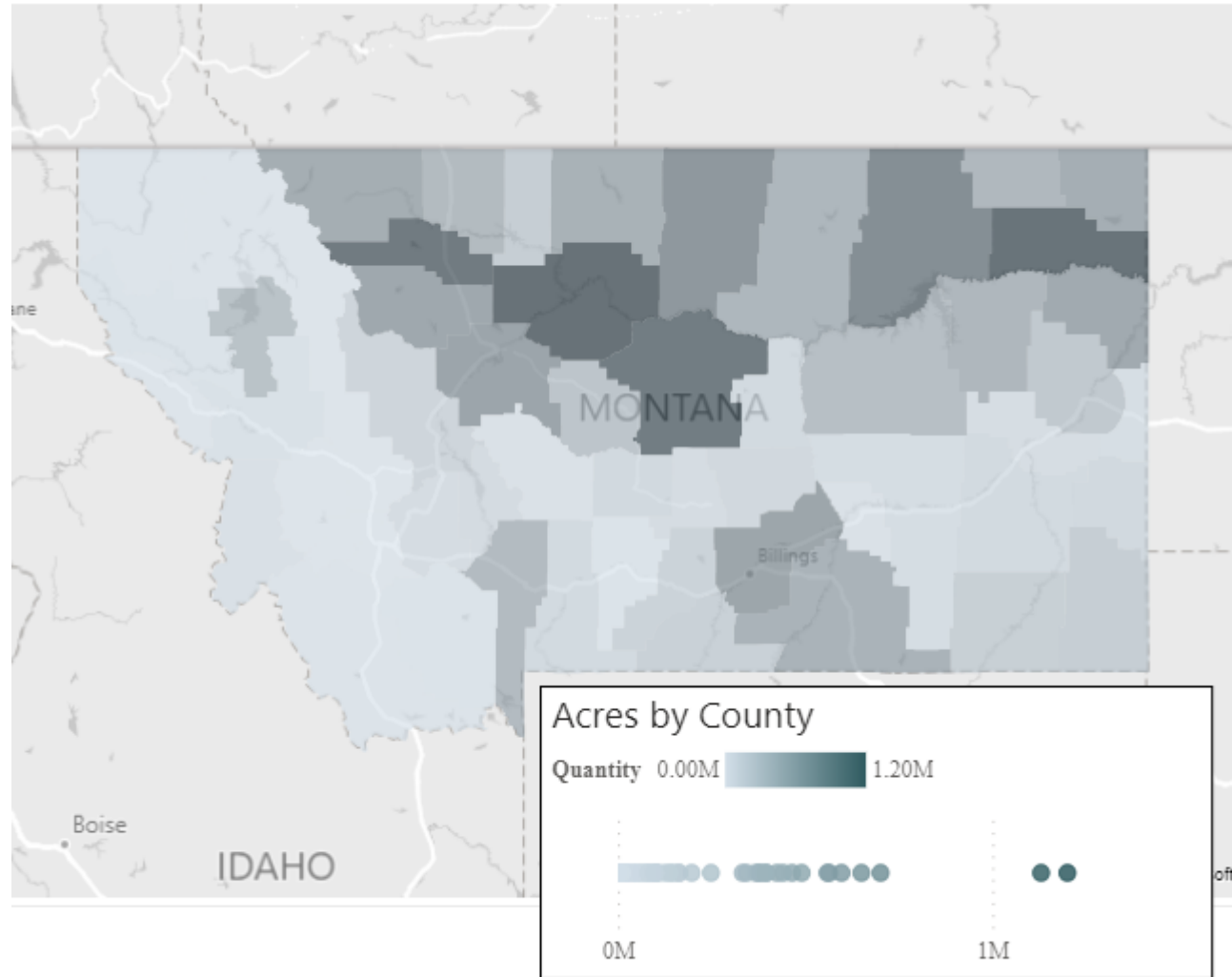
- Crops grown on summer fallow land often include small grains

- Summer fallow land is mostly found in north-central and northeastern Montana

Non-Irrigated Summer Fallow Farmland



Acres of Non-Exempt Land by County



Non-Irrigated Continuously Cropped Farmland



- Continuously cropped farmland requires a combination of climate, soils and rainfall

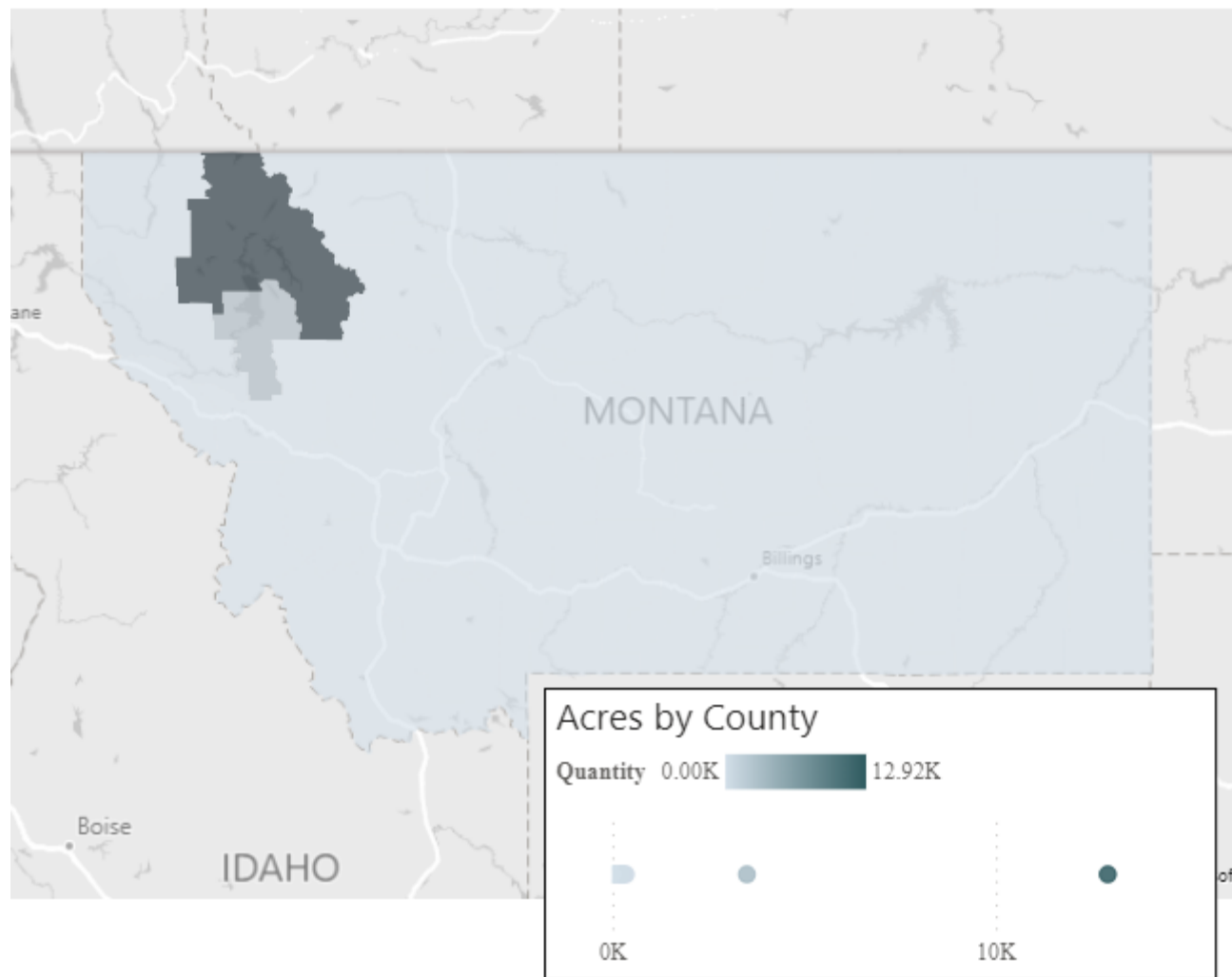
- Cropped 75% or more of the time historically and is an accepted long-term practice in these areas

- Exclusively found in northwestern Montana

Non-Irrigated Continuously Cropped Farmland



Acres of Non-Exempt Land by County



Non-Irrigated Continuously Cropped Hay Land



Also called “dry land hay” or “wild hay” land

This land is hayed more than 50% of the years over the long term (11 of the last 20 years)

Hay land includes native vegetation, domestic grasses, and non-irrigated alfalfa

Most Wild Hay land is found in central Montana and the southeast corner of the state

Irrigated Farm Land

Tillable crop land that receives water applications most of the time. It does not include irrigated grazing land



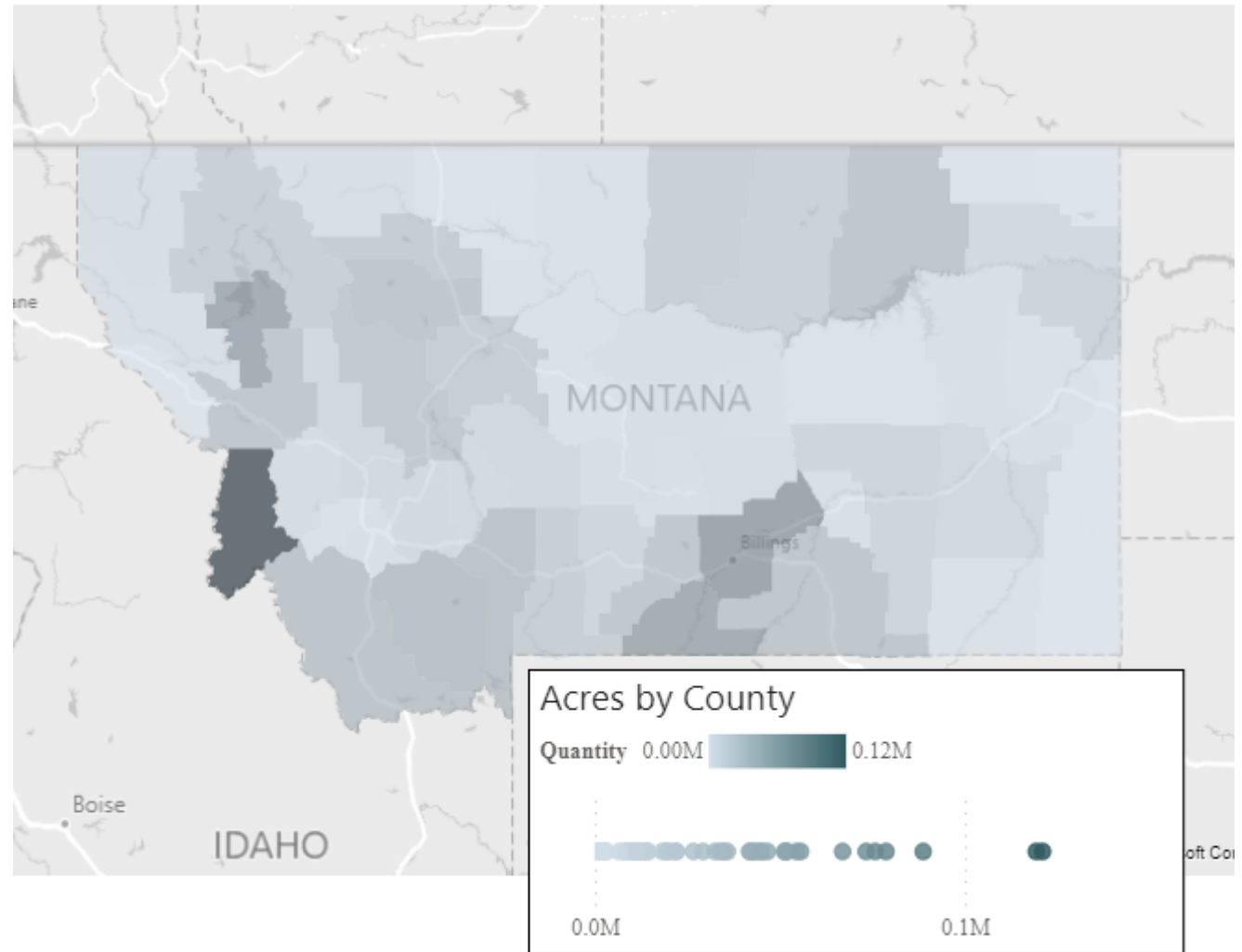
Southwest Montana generally has the highest amounts of irrigated farmland, but it is common throughout the state



Irrigated Farmland



Acres of Non-Exempt Land by County



Grazing Land



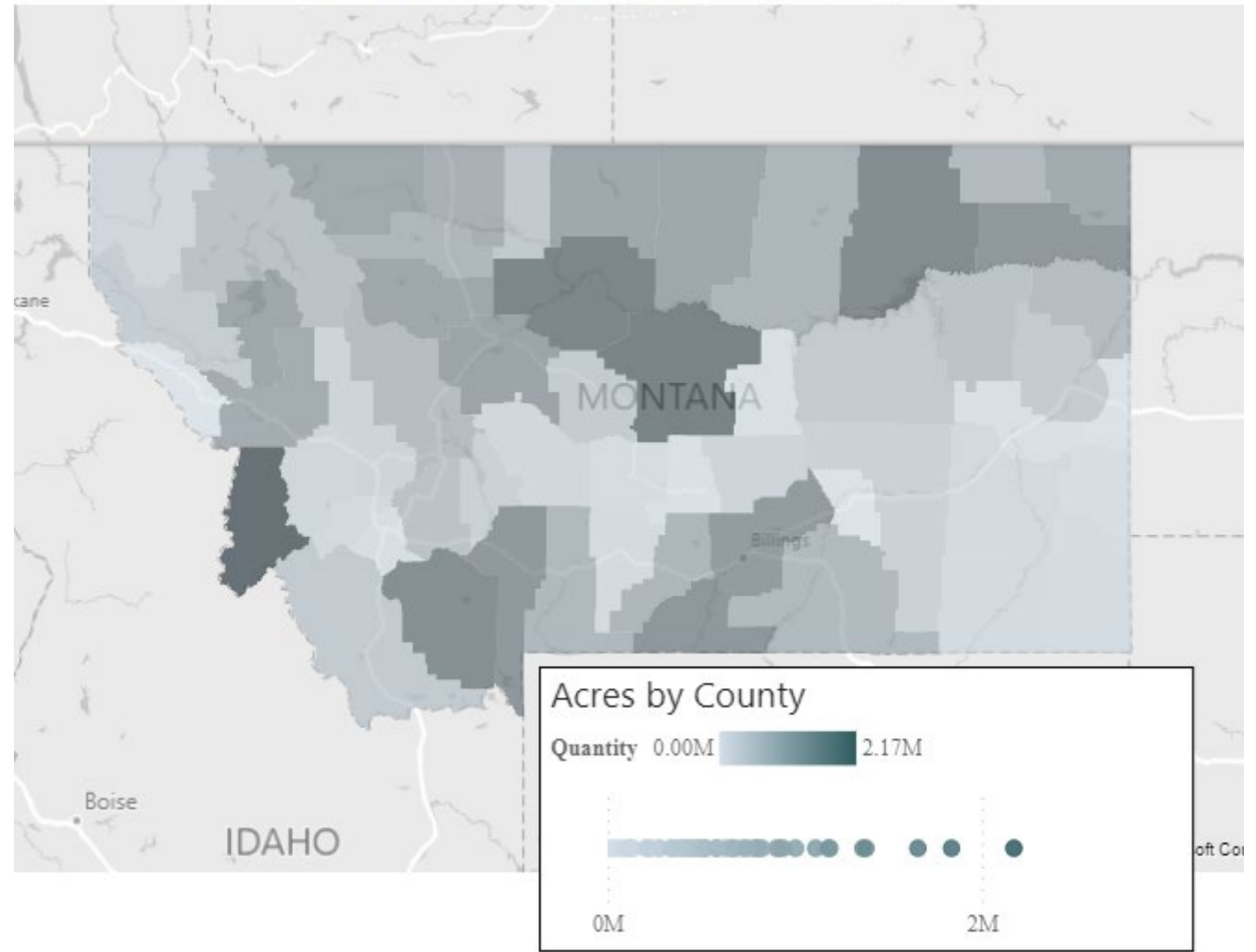
Grazing land is land used primarily for livestock forage. It is valued based on the expected number of animals it can support

Grazing land is the **most common** agricultural land use in Montana. It is mostly native range land

Grazing Land



Acres of Non-Exempt Land by County



Non-qualified Agricultural Land



- Land of 20 acres or more but less than 160 acres for which no application for agricultural classification has been made (MCA 15-7-202 (6))

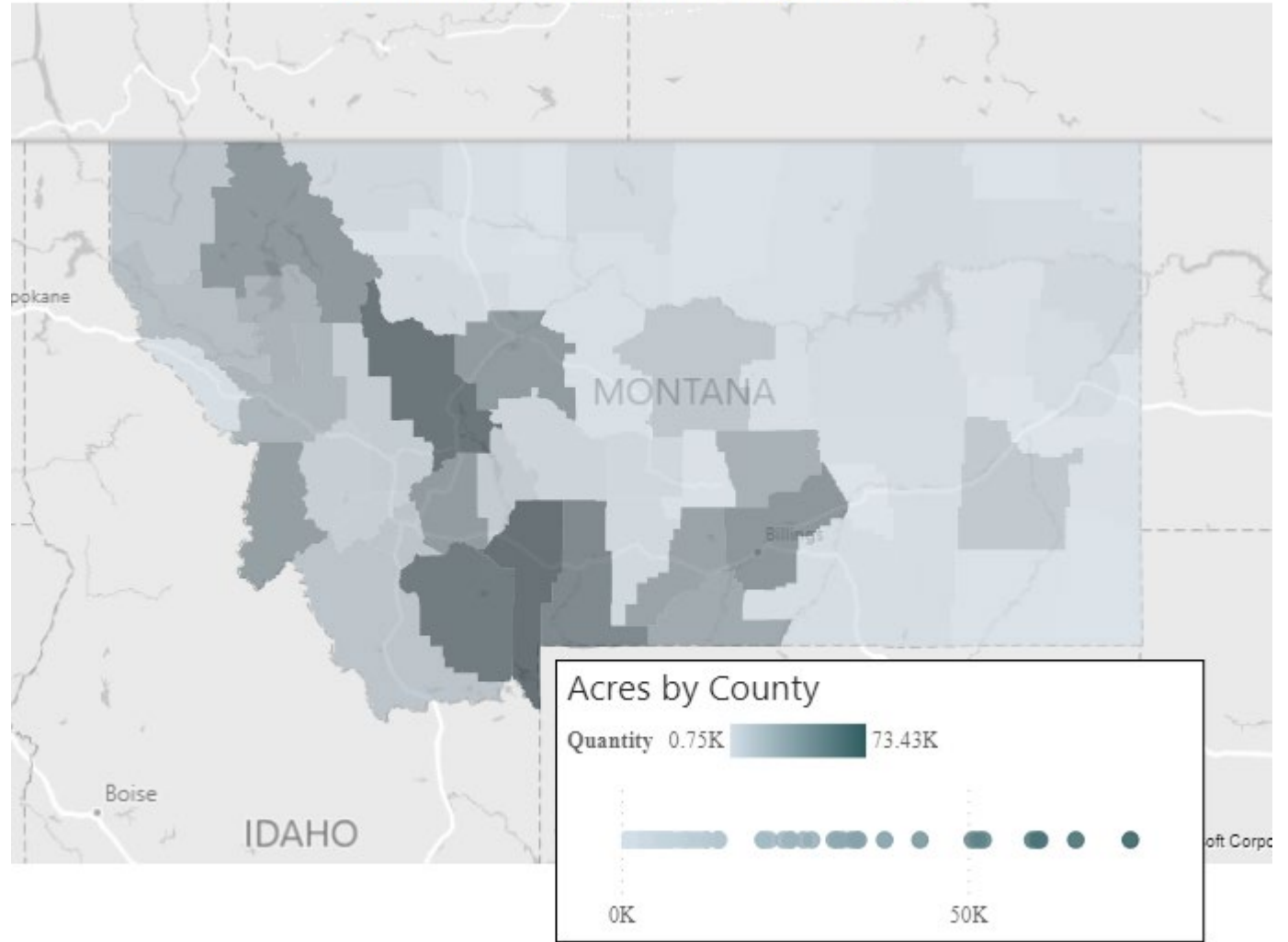
- The 1993 Legislature first introduced non-qualified land in HB 643. In its original incarnation, the landowner had to verify to the department that the land was used in an agricultural manner

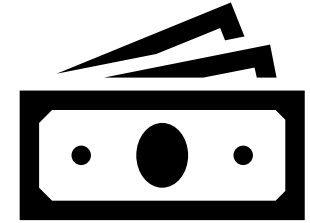
- Later legislation removed requirements for agricultural use, location outside of a platted subdivision, and use based on covenants and restrictions on the land

Non-qualified Agricultural Land



Acres of Non-Exempt Land by County

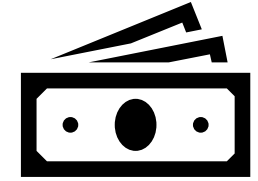




Qualifications

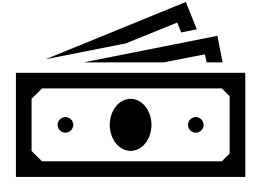
Why is the land classified this way?

Agricultural Land



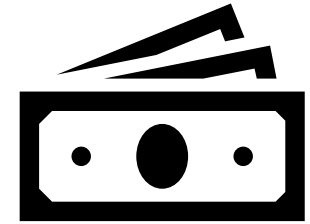
- Any contiguous parcels under the same ownership that are collectively 160 acres or larger are classified as agricultural land automatically (unless used for other purposes)
- The owners of parcels smaller than 160 acres may apply for agricultural status
- Agricultural eligibility is based on the land's ability to produce at least \$1,500 in annual gross income from agricultural products
- The department classifies the agricultural land according to the highest-and-best use of the parcel and will determine the value according to the expected productivity based on soil survey information

Non-Qualified Agricultural Land

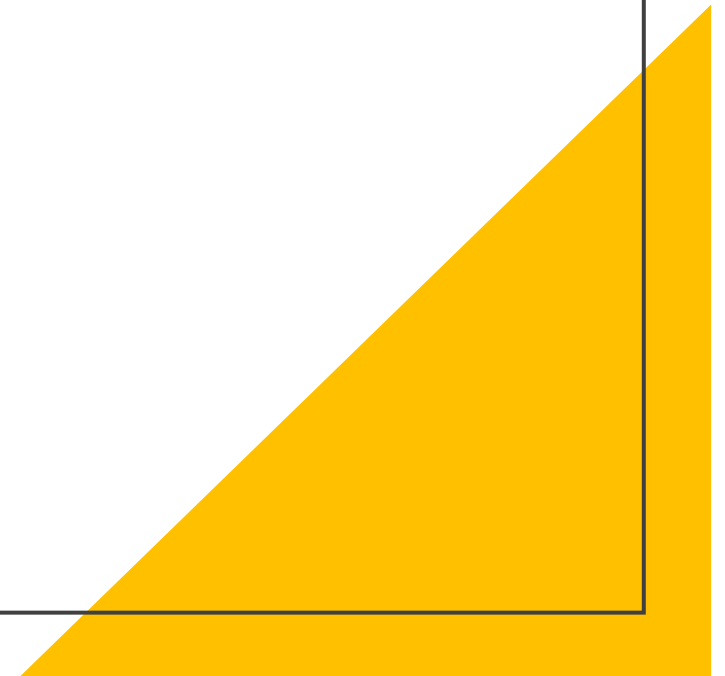


- If any contiguous parcels under the same ownership are at least 20 acres but less than 160 acres collectively and the owner has not applied for or been approved for agricultural status then these parcels fall under “Non-Qualified Agricultural Land” classification
- If a home is built upon the parcel, then a 1-acre portion of the land under the improvements is designated as tract land and appraised at the market rate. This does not affect the classification of the rest of the parcel
- It is possible (and common) for someone to own 19 acres of non-qualified ag land and 1 acre of tract land with improvements

Agricultural Valuation



How is the land valued?



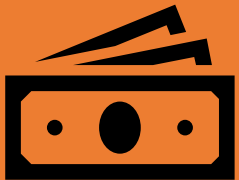
Production- Based Valuation



- As per MCA 15-7-201 agricultural land is valued based on its productivity
- Since the 2009 reappraisal, the department has used the NRCS soil survey to determine productivity
- A production value or yield/acre that represents long-term average agricultural production capacity is assigned based on soil information



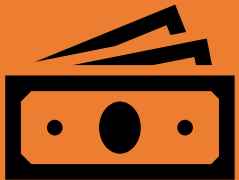
Agricultural Land Valuation



- For crop production, productivity can be expressed in quantity of a product per unit land area (e.g. tons per acre)
- For pasture, productivity can be expressed as the carrying capacity of standard animal units (AUM) per unit area per season or year
- The department considers typical management practices when calculating productivity. Good managers are not penalized with higher productivity levels, and poor managers are not rewarded with low productivity levels



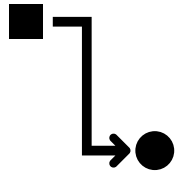
Non-Qual Valuation



- “Non-qualified agricultural” (non-qual) parcels are valued at the average productive capacity value of grazing land
- For FY 2023 this was approximately \$55 per acre
- The taxable value of non-qual land is computed by multiplying the value of the land by seven times the taxable percentage rate for agricultural land

$$7 \times 2.16\% = 15.12\%$$





Perceived Inequities

There can be value discrepancies between parcels of comparable sizes

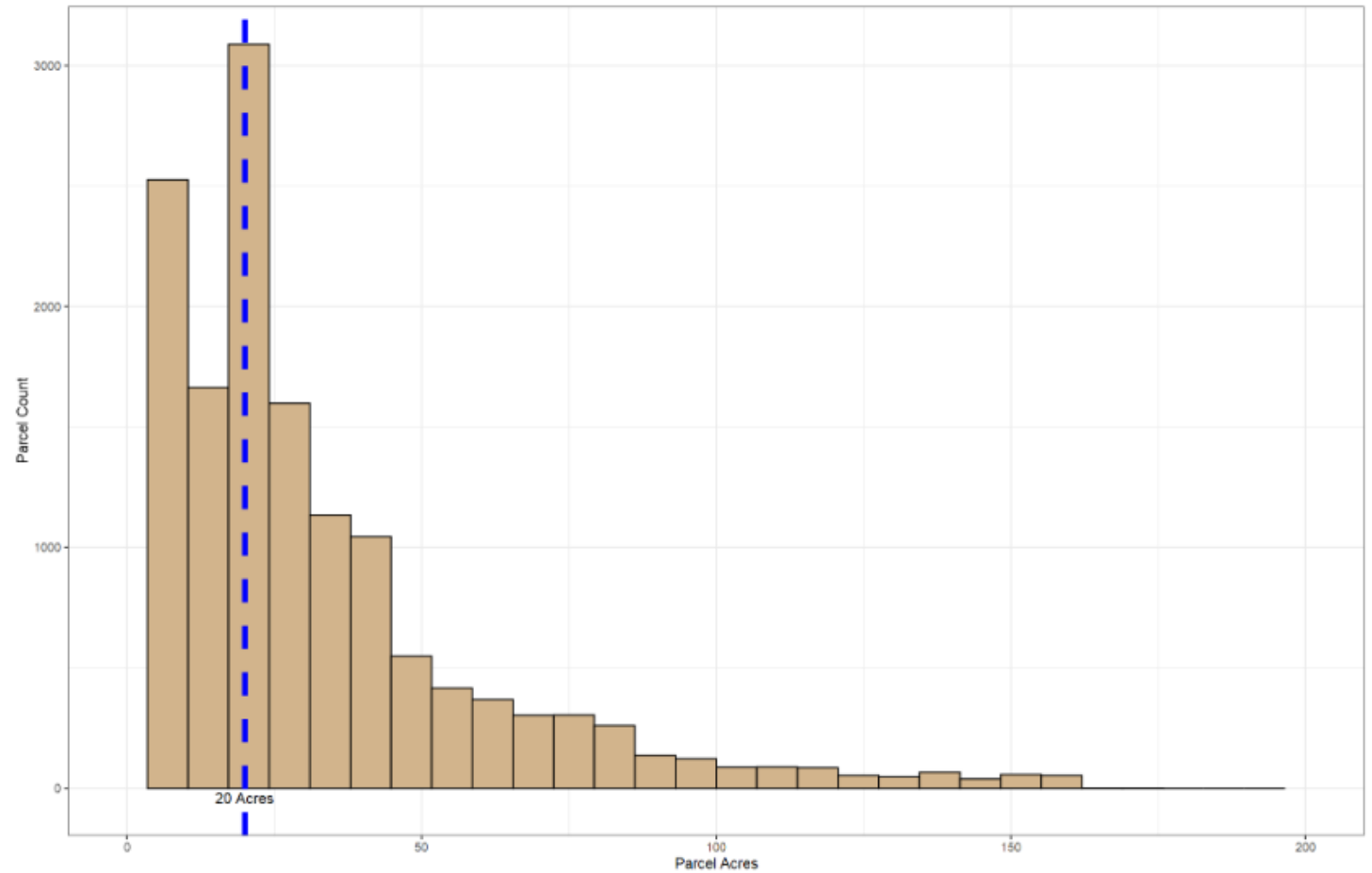
A 19-acre parcel might be assessed for more than a 21-acre parcel adjacent to it

20-acre parcels are the most common non-qual parcel size in Montana

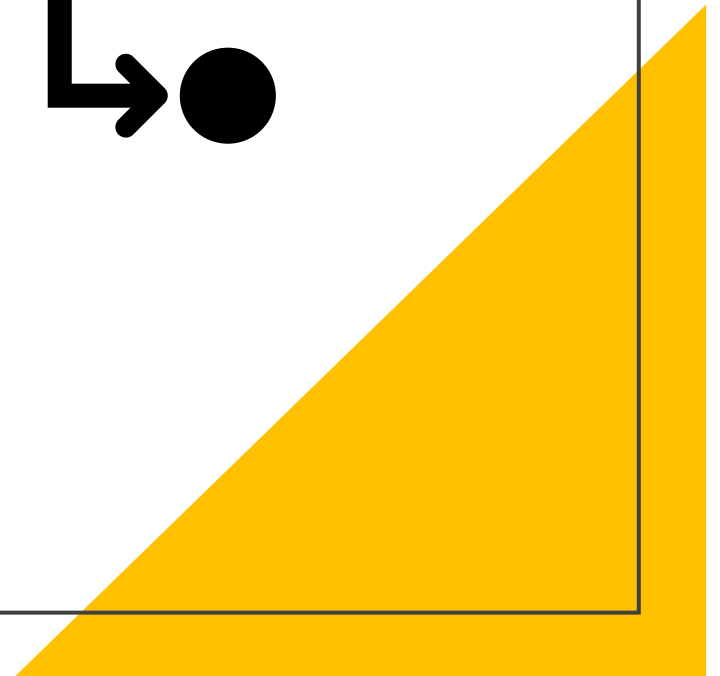
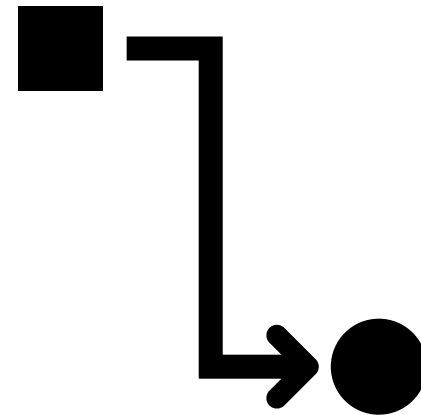
Please refer to the DOR's report on [Residential vs. Nonqualified Agricultural Land Report](#) for more details and scenario information

Non-qual Parcel Counts by Acres in Montana

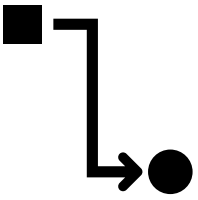
FY 2022



Trends

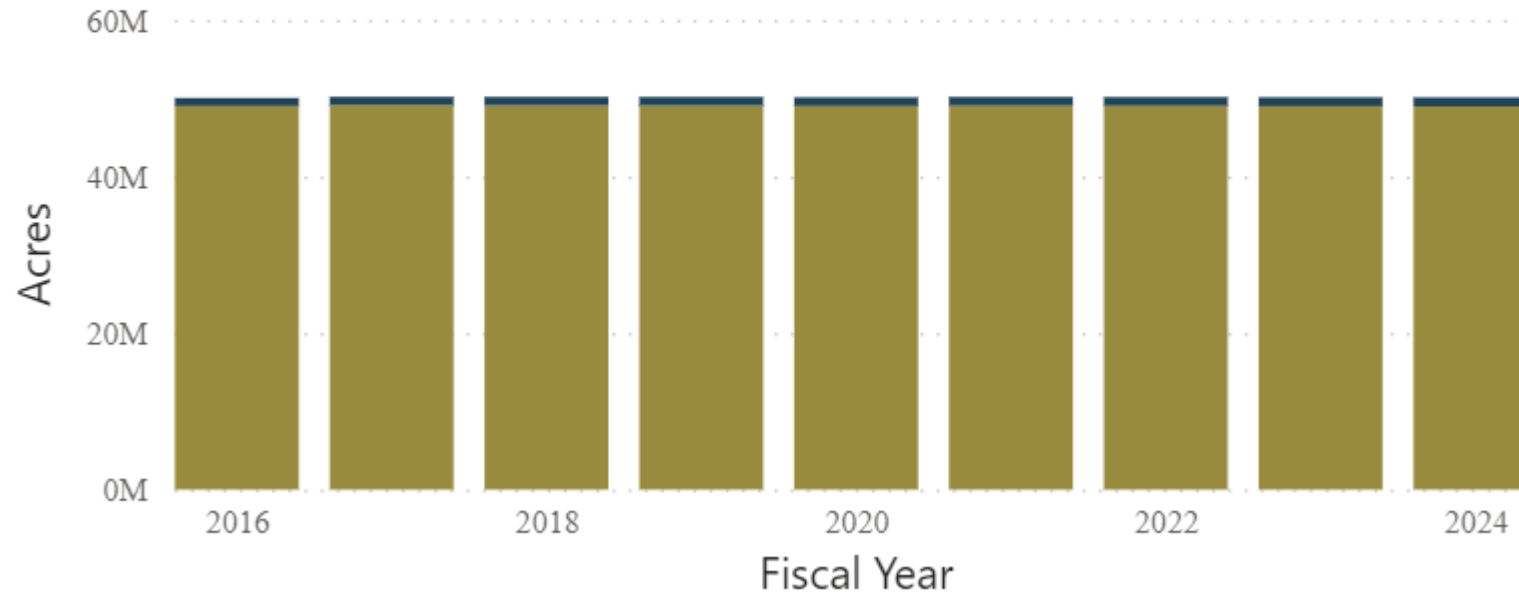


Steady Distribution of Agricultural Land



Acres by Fiscal Year and Land Class

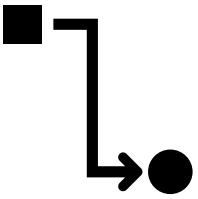
Land Class ● Ag Land ● Non-Qualified Ag Land



Note: These charts only reflect taxable land, and do not display data on exempt parcels

No drastic shifts in land over the past 8 years

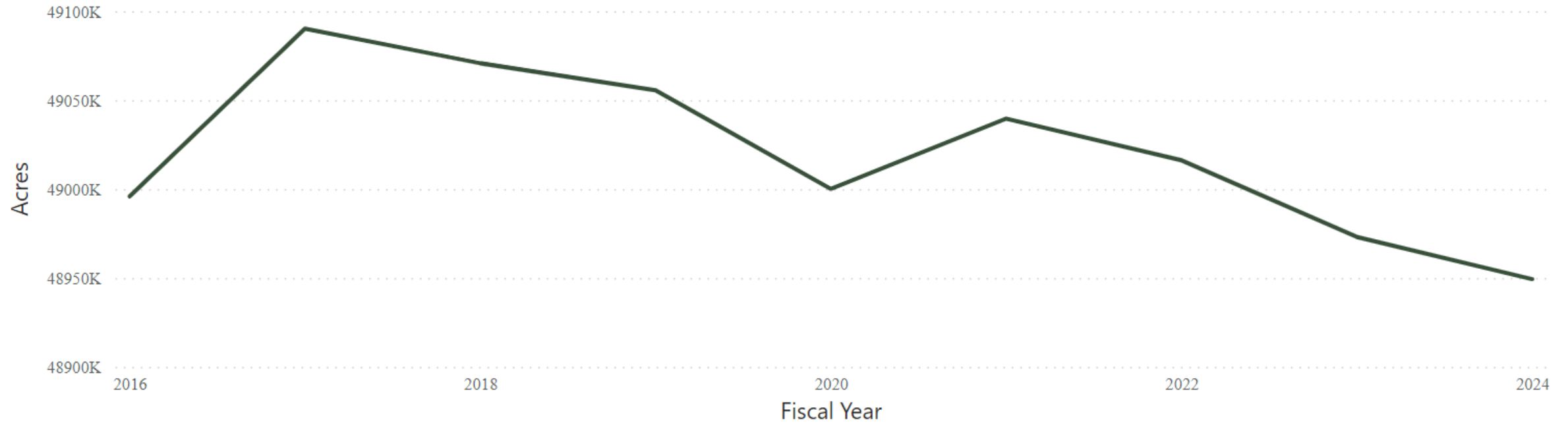
Small changes in qualified Ag Land



Note: These charts only reflect taxable land, and do not display data on exempt parcels



Acreage by Fiscal Year

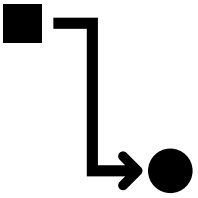


49.00 Million Acres FY 2016



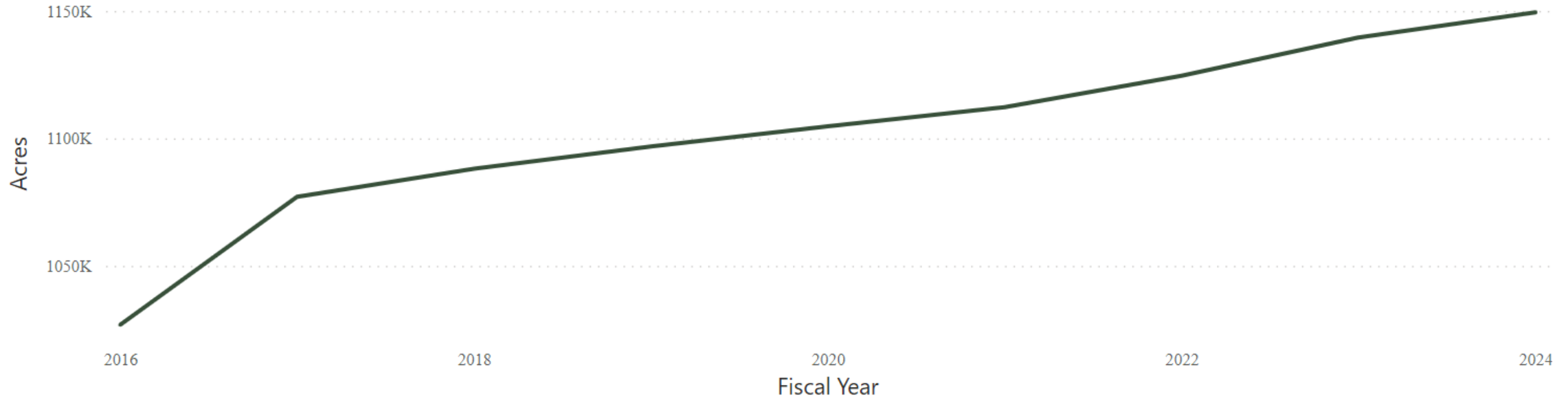
48.95 Million Acres FY 2024

Increase in Non-Qualified Ag Land



Note: These charts only reflect taxable land, and do not display data on exempt parcels

Acreage by Fiscal Year



1.03 Million Acres FY 2016



1.15 Million Acres FY 2024

We're seeing an upward trend in non-qualified ag land